Earned Value Management
Things to Know

- There are only a few actual formulas on the exam

- There are some questions about the results that you would get from a given formula

- Think about the Big Picture-what does it really mean?

- Look for key words in the questions – if they are asking about variance, the answer option will include subtracting, but there will likely be a couple of options dividing. If asking about ratios or indexes, the answer option will include dividing.

Main Terms to Know

◈ **EV** (Earned Value)

As of today, what is the budgeted cost of the work that is actually accomplished?

◈ **PV** (Planned Value)

As of today, what is the budgeted cost of the work that is scheduled to be completed?

◈ **AC** (Actual Cost)

As of today, what is the actual cost incurred for the work accomplished?

❖ **BAC** (Budget at Completion)

How much did we budget for the total project?

Terms To Know

◈ **CV (Cost variance)**

Cost variance analysis measures the actual performance to date (earned value) against what's been spent (actual costs). If negative value, over budget. If 0 or positive value, on or under budget.

◈ **SV (schedule variance)**

Schedule variance analysis compares actual progress/performance to date (earned value) to estimated progress/performance (planned value). If negative value, behind schedule. If 0 or positive value, on or ahead of schedule.

❖ **CPI (Cost Performance Index)**

Measures value of work completed as of measurement date (earned value) against actual costs. Indicates cost efficiency for work completed.

◈ **SPI (Schedule Performance Index)**

Measures progress as of measurement date (earned value) against planned progress (planned value)

Mnemonic: A Great way to Remember

EVM formulas

CEA/SEP

On the right of the = signs, add a V after each, except the A;

add a C (actual costs)

***THIS IS A GREAT USE FOR THE DRY ERASE BOARD

DURING THE EXAM!

So,

CV=**E**V-**A**C (earned value – actual costs)

SV=**E**V-**P**V (earned value – planned value)

CPI=**E**V/**A**C (earned value / actual costs)

SPI=**E**V/**P**V (earned value / planned value)

Dry Erase!